

United States did not use social security by which to fund government operations, and that in fact it has been a good thing not only for taxpayers and people on social security, but it has reinvigorated us here in Washington to recognize that this should not be a battle between Republicans and Democrats, but what it has done is opened up a new door, a new opportunity, a new challenge for Members of Congress to recognize that if we work together, that not only can we continue to ensure that we do not spend social security, but that we do those things that are good for the fiscal soundness of our country.

I would like to end today with a challenge, not only to my Republican colleagues but also to my friends on the other side, to come join me in what we call the Results Caucus. It is a bipartisan group of Members who work together to make sure that we can find and weed out those areas of government spending, those areas of government spending that fall under waste, fraud, and abuse.

I would like to read to not only my colleagues on the Democrat side but also have the opportunity for those who are listening tonight to hear what the Results Caucus is. Here is my basic philosophy:

The Federal Government has many good intentions. Intent is not the issue, effectiveness is the issue. Washington spends billions of dollars every day trying to help in people's lives, but no one knows whether or not these programs actually work.

Americans work hard for their income. They pay a lot, in fact, too much, in taxes. I say it is immoral for the national government to spend one dollar, one tax dollar, on a program that does not work and does not help achieve its stated objective. If a program is not working, then it should be reformed or cut, with the savings returned directly to the taxpayer.

That is what the Results Caucus is all about. We are trying to work to find these savings. I think that this opportunity that we have had to speak tonight is not only invigorating to Republicans, but it is an opportunity, a fair way to give this administration and all Federal workers an understanding and a challenge that we need them to work carefully as a challenge to reduce, for every dollar that they will be given to spend, to reduce by 1 cent.

The Results Caucus has a wonderful saying. It is this, that every single dollar that this government needs it should get, but not a penny more.

I thank the Speaker for staying late this evening. I want to thank the Speaker and my colleagues who have been part of what we have done tonight.

#### PRIVACY AND H.R. 10

The SPEAKER pro tempore. Under the Speaker's announced policy of Jan-

uary 6, 1999, the gentleman from Washington (Mr. INSLEE) is recognized for 60 minutes as the designee of the minority leader.

Mr. INSLEE. Mr. Speaker, tonight we are going to have an opportunity to talk about privacy and H.R. 10, the financial institution reform bill.

Before we do that, I yield to the gentleman from Minnesota (Mr. MINGE), who will address social security from perhaps a little different perspective.

Mr. MINGE. I would like to thank the gentleman from Washington for yielding to me, Mr. Speaker.

I was very interested in the discussion that preceded this, the comments that were made, especially in closing, about the Results Caucus. I have worked on a bipartisan basis over the last 4 years with my colleague, the gentleman from California (Mr. ROYCE) in what is called the Porkbuster Caucus. We have tried to focus on waste, fraud, and abuse, especially on pork barrel projects that have been found in appropriations bills and other bills.

It is fortunate, I think, that several of the Committee on Appropriations subcommittees have made a real attempt to eliminate earmarked projects and pork barrel projects, especially the Subcommittee on Transportation, but that does not mean that we have come to the millennium. We still have these pork barrel projects. We still have earmarks that cannot be justified.

Unfortunately, in the bill that was passed today we had some of those projects. No lesser legislative leader than the majority leader in the Senate has projects that he has brought home to his State of Mississippi which cost this country hundreds of millions of dollars, and unfortunately, also cost money from the programs that are affected by the cuts that were in the legislation today.

I would like to focus for just a few minutes about this discussion on social security. As I listened to the preceding discussion, I thought of the phrase from Shakespeare, "The lady doth protest too much, methinks."

It appeared that there was so much protestation that there was nothing that would be borrowed from the social security trust fund for current expenditures in the fiscal year 2000 that I thought it worth probing that presentation for a few moments.

The first thing that I think is interesting to note is that the Congressional Budget Office itself, in a letter dated today, one copy of which was addressed to me but another copy of which was addressed to the gentleman from Illinois (Speaker HASTERT), stated that, "With the passage of today's legislation, we will be borrowing \$17 billion from the social security trust fund surplus for fiscal year 2000 in order to cover expenses." That is \$17 billion.

Now, Members may say, how could we have the presentation for 40 minutes claiming that we were not borrowing anything, and then have a letter like this from the Congressional Budget Office?

Well, probably, the most important things to remember are that, number one, there were emergency spending measures in some of the appropriations bills. There has been an attempt to disregard those. There has been so-called directed scoring in some of the appropriations bills. There has been an attempt to disregard that. Finally, there has been an attempt to push certain expenditures into the subsequent fiscal year for projects and activities that are undertaken in the current fiscal year.

If we had an accrual basis accounting system here, this kind of a trick would not work. Really, what it is important to recognize is that we have a return to smoke and mirrors.

I think most Americans remember that in the 1980s and early 1990s we had this ongoing battle between the White House and Congress as to how the money was being spent. There was this duplicitous effort to try to justify certain budgets that were being presented by claiming that these budgets were going to balance at the end of the year, or in 2 or 3 years we were going to eliminate the deficit.

But what happened is we were not using realistic numbers. So finally, an element of real discipline was introduced into the congressional budget process by requiring that Congress use the Congressional Budget Office as its sole source of its budget numbers, rather than picking and choosing favorable numbers from the Congressional Budget Office, or CBO, and then favorable budget numbers from the Office of Management and Budget, or OMB, and then favorable budget numbers from other sources.

So this particular quotation is important to recognize, because what it is saying is if you use consistent budget numbers from the impartial Congressional Budget Office, you end up with a \$17 billion deficit. If you use numbers from the Office of Management and Budget when they are favorable and the Congressional Budget Office when it is favorable, then you can sort of jerry-rig this situation, and you can avoid most of that \$17 billion, and then you use other gimmicks, and you can try to eliminate the \$17 billion.

So the protestation here that there is not a penny being touched is misleading. It is duplicitous. What we need to be forthright about is to just recognize that if we rely on the Congressional Budget Office, we are borrowing \$17 billion.

What should we do about it? Today I and three of my colleagues introduced legislation after the final vote on this most recent bill to assure the people of the country that if in fact we are borrowing \$17 billion or \$1 billion or \$25 billion, whatever the number might be, if we are borrowing that from social security, in fiscal year 2000 we repay that \$17 billion or whatever the figure is from the first available surplus in fiscal year 2001. That is our bill, stripped to its essence.

I challenge my colleagues on the Republican side to join me in passing this

bill promptly, because it is an enforcement device. It is there to put some discipline into this budget process, and to say that we are making this commitment to the American people with respect to the next fiscal year, that we will restore that money before we use it for tax cuts, before we use it for other spending programs, before we use it for any other purpose.

I had hoped that we would have bipartisan support for this bill when I introduced it, but apparently it was too stiff a medicine for the folks on the other side. I thought it a simple bipartisan enforcement approach that ought to be welcomed by everyone.

So in the days ahead, I will be talking to my colleagues on both sides of the aisle and urging that we get together so that at least this little nasty problem that continues to haunt us is addressed.

□ 1930

Mr. INSLEE. Mr. Speaker, this evening I would like to address the House concerning, I think, a very important emerging issue, emerging because of tremendous consolidation in our financial services industry and emerging because of people's rightful concern about their personal privacy.

This personal privacy issue is one I think that has exploded on us because we have found, unfortunately, that there are various businesses that are consciously violating Americans rights of personal privacy. Let me give my colleagues just a little small example, because I am going to talk about financial services industries in an abstract, but I just want to tell my colleagues a little story, a little story about personal privacy and what happens when it is not respected.

I was talking to this Member who was telling me that he just had heart surgery, and because of that heart surgery, he was on a blood thinner drug called Coumadin, which is fine, and it saved his life, and he is doing quite well.

But about 30 days after he started on this regimen of Coumadin, lo and behold, he gets a solicitation in the mail from this company to buy some product about how to monitor his Coumadin. Someone somewhere, some business, for some profit motive had violated his personal rights of privacy by telling some strange company he had never heard of that one of our fellows was a good target to try to sell some product.

If companies can violate the privacy rights of Members of Congress, imagine what is going on to our constituents. Unfortunately, a lot of bad things are happening to our constituents when it comes to personal privacy rights.

Now, what brought us here tonight is the emerging consideration next week by the Chamber of H.R. 10, the Financial Modernization Act. For those who are not familiar with this, the Financial Modernization Act will, for the first time in the American economy,

give free reign to banks to affiliate with hundreds of other types of financial institutions, insurance companies, brokerage houses, securities businesses. As we know, for many, many years, they have been prohibited from doing so.

Many Members, myself included, believe that there are a lot of benefits to be had by allowing some consolidation in the industry. But we are very, very concerned, Mr. Speaker, that if that bill passes in the form that has been reported out of the conference committee, that what will be left out almost lock, stock, and barrel is the protection of consumers' privacy when banks essentially merge with insurance companies and merge with security houses and merge with stockbrokers.

Let me tell my colleagues why we are concerned. There is a very significant infection going on when it comes to personal privacy in this country. I would like to alert to the House some of the things that have been going on, some we read about in the newspapers, some we learn about just talking to our constituents.

I just want to read a story, a first paragraph from the Los Angeles Times this September, "A San Fernando Valley bank sold a convicted felon 90 percent of the credit card numbers he allegedly used to run up \$45.7 million in mostly bogus charges against consumers worldwide, according to interviews and court documents filed Friday. Charter Pacific Bank, which has made millions by processing credit card transactions for adult entertainment firms, provided Kenneth H. Thaves of Malibu more than 3.7 million card numbers compiled from its merchants accounts, according to a report filed in U.S. District Court in Los Angeles."

Here we had, according to the Los Angeles Times, an instance where a bank violated its Members' rights of privacy and sold thousands of their credit card numbers to somebody who then, in a fraudulent scheme, ran up credit card charge numbers.

But this was not an isolated act. We go to Minnesota where, just recently, a lawsuit was settled between the Attorney General of the State of Minnesota and U.S. Bankcorp where U.S. Bankcorp agreed, according to news accounts, to give \$3 million to the States and charities because they apparently supplied telemarketing firm Member Works, Inc. of Stanford, Connecticut with its customers' names, Social Security numbers, marital status, occupation, account balances, homeownership status, and credit limits against the privacy rights of its own customers.

Imagine how one would feel or anyone in this Chamber would feel if we were told that, against our wishes, in fact, a bank had given our credit card numbers or our account information, in fact, to some third party, and they end up telemarketing a product to us.

All of us, it seems to me, have some reasonable expectation that the

amount of money in our bank accounts is not going to be spread to the world, that who we write checks to is not going to be told to telemarketing agencies. That is a reasonable American expectation of privacy. But, unfortunately, that is not being honored, not by all banks.

Many banks, in fact, are honoring people's privacy. There are thousands of banks that are being responsible, corporate citizens that are honoring our privacy rights. But we are having some that are not.

Mr. Speaker, it comes down to a very personal basis when I learn about some things that have happened in my own State of Washington. I just want to read a couple personal accounts of complaints registered by the Washington State Attorney General's office about some real life stories that happen in my State.

Here is a woman from Royal City, Washington, a nice small town in eastern Washington. She says, after receiving a phone call from a telemarketing agency and telling them that she was not interested in their product, an experience many of us have two or three times a night now, unfortunately, she says, "In May, I was billed \$59.95 on a my U.S. Visa credit card. Because I do not use the card, I was shocked. I phoned the Field & Stream Club, but they refused to cancel the membership. They were unable, however, to find a record of a request for a membership. How could they bill my credit card when I did not give them my number or authorize a purchase?"

"I called U.S. Bank to file a complaint and cancel the credit card. The bank representative admitted that the bank had given out my unlisted phone number and banking information. She said it was a credit card 'enhancement' program. I am extremely angry that my bank, I have been a customer for 25 years, sold my private information. I have been scammed by both the U.S. Bankcorp and the Field & Stream Club."

Her anger I think was properly placed, because Americans ought to have the statutory right to block their banks from giving away their account information to telemarketers who can turn around and call us at 7 o'clock at night and try to sell us a product, frankly, that we do not want. This ought to be an American right. We have got a freedom of speech in this country. We have got freedom of religion. We ought to have freedom from interference in our private information in our bank accounts.

But she is not alone. A lady from Kent, Washington, saying she got a charge on her Visa bill statement. She says, "I do not know how they could have gotten my Social Security number or even my address. This telemarketing thing seems to be a big rip-off and probably targeted senior citizens. I am 83 years old but still checking on all my billings. Thank goodness I never signed up or ordered anything

from these people. And how did they get my Visa card number?"

A letter from a man in Port Angeles, Washington, "It all started when we received our normal Visa, but with an entry in the amount of \$59.95 from Encore Travel Club. I did not authorize this company for this service, nor could I understand how they received my Visa account number."

Well, the reason the gentleman could not understand it is he would have the assumption that his bank would not give away his private financial information. But, unfortunately, the law does not protect the man from Port Angeles, the lady from Kent, or the lady from Royal City. It does not protect Americans adequately.

Mr. Speaker, the bad news is that, if H.R. 10, the financial modernization bill, passes, we have this chance of going backwards on privacy, not forwards. I would like to share with the House why that is. We have the distinct chance of going backwards on privacy, because this bill, while it has, at least at first blush, some attempt to protect privacy rights of citizens, it has at least some language that would say that banks will not be able to sell or give away private financial information to what are called third parties. That means companies that are not associated in some way with the bank, which is by and large a good thing.

There are two huge loopholes one can drive a bank truck through in this particular draft of the conference report. I want to address the House on what those two giant loopholes are.

Loophole number one, which is too big to call a loophole, we really ought to call it a canyon or something, is that these privacy protections give consumers exactly zero right to tell their banks not to give away their private information to anything that is considered an "affiliate" of the bank. Now, this is a little technical for some folks, but let me try to explain what this means.

This means that, while the bill might prevent a bank from giving this information to a telemarketer if the customer said not to, it would simply allow the bank to affiliate with the telemarketing company or with an insurance company or with a stock brokerage company or with a securities firm.

This bill, as presently allowed, presently drafted would allow any bank, against the wishes, against the specific statement of a customer who told the bank do not give away my credit card, do not give away my account information, it would allow the bank to give it to its affiliated insurance company. Against the wishes of us, it would allow the insurance company to make a call at 7 o'clock at night to try to sell them a good insurance product.

It would allow the computers, which are tremendous, I think computers are one of the best things that ever happened, but, unfortunately, in this case, it would allow banks to do computer

profiling of us as Americans. That means that they can set up a computer profile with their associated stock brokering company that says, any time one has got \$10,000 in cash, John Q. Citizen, when the computer sees he has got \$10,000 in cash, spit that name over to our stock company and allow the stock brokerage company to call John Q. Citizen and try to sell them a stock because they happen to have \$10,000 on hand.

It allows the computers to profile us on our purchasing habits. If we happen to go to sports stores and buy sporting goods products, it allows our bank against our wishes to violate our privacy, to have that computer profile us and give information to an affiliated company that might have some sporting goods activity associated with it.

It basically says that we are going to prevent the sin of violating privacy to a third party, but allow the sin of violating privacy to an affiliate. Why is this important? It may not be so important right now where today the law prevents banks from affiliating with other companies. But next week, if this became law, it will bring down the shields and allow the banks to affiliate with hundreds or thousands of other financial services enterprises. My colleagues and I both know that those market-driven folks will be most eager, anxious, looking forward to the opportunity to get into our bank accounts and use the information in our private bank accounts against us to try to sell us products.

So, Mr. Speaker, if this were to pass, I do not think it is a fear, I think it is a fact that we will see an increase in telemarketing activity, using information in our own lives, in essence, against us.

It did not have to be this way, Mr. Speaker. This bill can be drafted in such a way that could prevent these marketing activities, that could allow these affiliates to offer us the services we want. We can draft the bill very easily to say, as long as the consumer wants these services, it would allow the affiliated companies to provide them.

But I stand here to say that Americans ought to have the right to say no to bank telemarketing activity with their affiliates, that Americans ought to have the simple right to write a letter or e-mail or fax or, when one signs up with one's account, check the box that says do not give away my private information.

□ 1945

I do not think that's too much to ask. This is a huge bill, Mr. Speaker, as we are all aware. This is one of the more significant bills we will have during this Congress, and I am convinced there is a lot of good that can happen as a result of it.

I think that many financial institutions have been very candid and sincere with us; that they can help provide Americans with some good services as

a result of these consolidations. But, unfortunately, while we do that, we should not, at the same time, allow the sin of violating our privacy to continue. We have to make sure that we stop that.

So what we need to do, if in fact this bill comes to the floor, and I am told there is still some dispute in the conference committee about this language because it is so controversial, and should be, but if it comes to the floor we should send the conferees back to work. We should send the conferees back to work and tell them to come back when they give Americans protection against privacy right violations of bank affiliates. And that is something the House could do and should do.

I want to talk about a second giant loophole in the bill. We have not seen the specific language as yet. We are told the conferees are still thrashing this out. And I hope if any of them are possibly listening to this they will continue to thrash to come up with some better language, because there is a loophole in section 2. I am looking for the section now, which is on page 3. Basically, this exception to the prohibition would allow banks to even give information to a third party as long as it was essentially associated with anything called a "joint agreement." A joint agreement.

Well, I guess a joint agreement could be the two presidents of the company shaking hands and saying, "We are going to start to computer profile our customers and we are going to telemarket the heck out of them, and we are both going to do pretty well on this deal." That is a "joint agreement." But that joint agreement is closer to kind of a joint conspiracy to violate somebody's privacy. And that is another loophole that has to be closed if we are going to go forward with H.R. 10. It is a simple thing to do, it will allow banks to pursue their duties, and we ought to do it.

I want to come back to a point perhaps I made a little earlier, and that is that it is very important not to paint all banks with the same brush with the kind of things I have been talking about tonight. There are many banks, and I have talked to many banks in my community, community banks who are very socially responsible. I have talked to a lot of bankers, particularly small town bankers, who have built banks on the trust of their communities, who have told me they are angry at some of their bigger brethren, frankly, for violating people's privacy, for exposing them to the ridicule of Congress and the American public on this subject.

Because those bankers understand very clearly that banks really are built on trust and that they do damage to their relationship with their customers if they violate that sense of trust. I think we are going to see more, in fact I know there is one bank in the next week or two in the State of Washington that is going to announce policies that are essentially what we are

proposing. We are proposing that Americans have the right to advise their banks to provide them banking services but not to allow the use of those banking services for marketing purposes against them by some other affiliate or third party. That should not be too much to ask.

So, Mr. Speaker, in closing, I would like to say that we are on the cusp of a new dawn when it comes to financial services. We are at the eleventh hour, this is last chance we are going to have to ensure Americans their privacy. And while this bill, H.R. 10, may have sort of corralled one horse, the one horse that is involved in raiding our privacy, it has left 5 to 500 out of the corral. Because while it has helped on third-party privacy protection, it is going to create a whole new host of financial organizations. And they are going to be given the opportunity to violate our rights of privacy, to telemarket us at 7 o'clock at night.

Mr. Speaker, I am here to stand for any American in the next decade that gets a call at the dinner hour when they are trying to sell them a product using their checking account, their credit card, their Social Security number or other information. And I hope they do not call me at 6 o'clock to complain, because I am here tonight trying to get the U.S. Congress to prohibit that practice.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 73. Joint Resolution making further continuing appropriations for the fiscal year 2000, and for other purposes.

#### SECURITY ISSUES RELATING TO RUSSIA

The SPEAKER pro tempore (Mr. FLETCHER). Under the Speaker's announced policy of January 6, 1999, the gentleman from Pennsylvania (Mr. WELDON) is recognized for 60 minutes.

Mr. WELDON of Pennsylvania. Mr. Speaker, as I have done frequently in the past, I want to just talk this evening about a situation that occurred in a hearing this week relative to our relations with Russia.

The last time I addressed this body it was to focus on a new direction in our relations with Russia, a new set of eight principles that the factions of the state Duma had agreed with, allowing us to continue to provide investment and economic opportunity in Russia but to set some new guidelines. That bill, which I dropped approximately one month ago, had 25 Democrat and 25 Republican sponsors when I introduced it. We have now gotten additional support and, in fact, we are hoping to continue to grow the kind of movement in the Congress that says that in spite of

Russia's economic problems, we must still be engaged but be engaged in a different way.

I rise tonight, however, Mr. Speaker, to discuss a security issue relative to Russia based on a set of hearings that I have conducted on my subcommittee over the past 5 years. Two years ago, Mr. Speaker, I had the highest ranking GRU defector ever from the former Soviet Union, Stanislav Lunev come before our Committee on Armed Services, and in a hearing that was open to the public, but in which hearing we had to hide his identity because he is in a witness protection program in this country, he testified about his role as a GRU agent and what his responsibilities were.

During that testimony, besides giving us an insight into the mindset of Soviet intelligence, he talked about what he thought may in fact continue to be some problems with our relationship with Russia today. One of the more troubling things that Lunev spoke of was when he was assigned to the Washington embassy of the former Soviet Union, under the cover of being a Tass correspondent, one of his primary responsibilities was to identify and locate potential sites for the drops and the location of sensitive Soviet military equipment and hardware that could be accessed in time of a conflict in the United States.

Now, we had no separate way of corroborating the testimony of Mr. Lunev at that time, yet these comments were made on the public record and were obviously of great concern to us. Well, this past summer something new happened, Mr. Speaker, and that was that the Cambridge scholar Christopher Andrew, who has written over 10 books, very scholarly books on intelligence operations around the world, and who has specialized in the intelligence of the former Soviet Union and the current practices of the current intelligence operations inside of Russia, Christopher Andrew was able to get access to a series of files that have been given to the British Government.

□ 2000

For 6 years he worked on the files in a way that allowed him to produce a book last month which was the basis of the hearing that I chaired. I want to go through that because the testimony of Christopher Andrew reinforces what Stanislav Lunev had said in our committee hearing 2 years prior. Some very troubling information came out of that, and there is, I think, reason for us to move quickly.

I have written to Secretary Albright and hope tonight to dwell upon why I think it is important for the administration to act on the findings of Christopher Andrew in his book.

It seems as though, Mr. Speaker, that the head archivist for the KGB files in Moscow for a period of over 20 decades by the name of Mitrokhin did not like the kind of activities the KGB was involved in in the Soviet era.

During his tenure as the chief archivist, there was a decision made in Moscow to relocate the central files of the KGB from downtown Moscow to one of the Ring Road sites. Since Mitrokhin was in charge of the archives, his job was to monitor these archives and always keep them under his control. In fact, he oversaw the move of the files had to be checked out of the Moscow site and then checked in at the new site, both of which were done by Mitrokhin and people who worked for him.

Now, he had been recognized during his career as an outstanding public servant in the Soviet Union. In fact in the book, there is a photograph of the documentation awarded to him signed by the chief of the KGB praising him for the outstanding work he did on behalf of the Soviet Union.

But because Mitrokhin privately did not like many of the practices of the KGB, especially those individual attacks on people and the attacks on ethnic groups, he secretly during his career of over 2 decades on a daily basis copied down in his own handwriting as many of the KGB files as he could. Each day during his tenure as the head archivist of the KGB, he would then place these handwritten notes inside of his clothing, would sneak them out of the KGB headquarters, and on a daily basis put them under the flooring of his dacha. He did this for a number of years, assembling a huge file of handwritten notes that basically were copied from the KGB archives.

In 1992, after the reforms took place in Russia, Mitrokhin emigrated through one the three Baltic states. He initially went to an American embassy and told them who he was and the kind of information he had. For some reason, he was not able to link up with the American Government to allow him to emigrate to the West. He then went to the British Embassy, and the Brits offered him complete asylum for himself and his family.

In fact, since 1992, he has been living along with his family under a secret identity in Great Britain. He brought the files with him, the handwritten notes that he had copied from the KGB archives.

Obviously, there was a huge wealth of information about actions that went on within the Soviet Union by their intelligence services. The Brits, when they got this cache of information, realized they had something that was invaluable because it gave the West the first complete insight into what kinds of actions and activities the KGB was involved in, what kinds of things against America and the West.

There were some other startling pieces of information in those files. The British Government, in getting these files, wanted them to be thoroughly examined, reviewed, and translated by someone that they had confidence in. And because of Christopher Andrew's reputation as a Cambridge